Precedential Patent Case Decisions During May 2018

By Rick Neifeld, Neifeld IP Law, PC

I. Introduction

This paper abstracts what I believe to be the significant new points of patent law from the precedential decisions in patent cases this month. Cases captions relating to the PTAB are in **red** text. Case captions of extraordinary importance are in **blue** text.

II. Abstracts of New Points of Law

Polaris Industries Inc. v. Arctic Cat, Inc., 2017-1870, 2017-1871 (Fed. Cir. 5/30/2018)(Non-precedential order).

This is an order in response to a motion to remand appeals from PTAB cases IPR2015-01781, IPR2015-01783. The PTAB issued a final written decision on only some of the claims and ground challenged in the petition, prior to the Supreme Court decision in *SAS*. Polaris, the patent owner, moved to have the case remanded to the PTAB for decision on the non-instituted claims and grounds. The Federal Circuit remanded.

Legal Issue: Waiver, right to request remand, in view of the Supreme Court *SAS* decision.

The Federal Circuit held "failure to challenge the Board's partial institution before the Supreme Court's issuance of *SAS*" was excusable, and that Polaris was entitled to request remand.

> We conclude that Polaris may request a remand to allow the Board to consider noninstituted claims and grounds. *** We further conclude that Polaris did not waive its right to seek remand by not arguing against partial institution before the Board. Precedent holds that a party does not waive an argument that arises from a significant change in law during the pendency of an appeal. *See, e.g., Hormel v. Helvering*, 312 U.S. 552, 558–59 (1941) (holding an exception to the waiver rule exists in "those [cases] in which there have been judicial interpretations of existing law after decision below and pending appeal—interpretations which if applied might have materially altered the result"); *accord In re Micron Tech., Inc.*, 875 F.3d 1091, 1097 (Fed. Cir. 2017) (acknowledging that "a sufficiently sharp change of law sometimes is a ground for permitting a party to advance a position that it did not advance earlier in the proceeding when the law at the time was strongly enough against that position"); *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 114 F.3d 1161, 1164 (Fed. Cir. 1997) (on remand from Supreme Court, holding that "[g]iven the change in law, it would be unfair at this stage of the case to apply Hilton Davis' statements against it or estop it from augmenting the record to show the reason for the claim amendment based on other facts that may be available"). Prior to the Supreme Court's decision in *SAS*, any attempt to argue against partial institution would

have been futile under the Board's regulations and our precedent. *See, e.g.*, 37 C.F.R. § 42.108 (permitting partial institution); *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1315 (Fed. Cir. 2016) ("[T]he statute is quite clear that the PTO can choose whether to institute inter partes review on a claim-by-claim basis."). Polaris's failure to challenge the Board's partial institution before the Supreme Court's issuance of *SAS* is therefore excused. [Polaris Industries Inc. v. Arctic Cat, Inc., 2017-1870, 2017-1871 (Fed. Cir. 5/30/2018)(Non-precedential order).]

Legal Issue: Remand, in view of the Supreme Court *SAS* decision, factors.

The Federal Circuit held that a patent owner may seek remand to obtain the benefits of 315(e) estoppel on all challenged claims. The Federal Circuit also held that providing the PTAB an opportunity to "resolve the alleged inconsistencies" between the PTAB's "treatment of ... [a reference] in its institution decisions versus its final written decisions" was also a reason to remand.

...And further, a patent owner benefits from complete decisions because following a final written decision on a claim, the petitioner, its real-parties-in-interest, and those in privity with the petitioner are largely barred from challenging that claim's validity. See 35 U.S.C. § 315(e). We conclude that Polaris may seek remand to obtain these benefits because the Board's existing final written decisions do not address all challenged claims or all grounds. Arctic Cat's contrary arguments do not persuade us otherwise. [Polaris Industries Inc. v. Arctic Cat, Inc., 2017-1870, 2017-1871 (Fed. Cir. 5/30/2018)(Non-precedential order).]

After considering the parties' arguments and the circumstances in this case, we conclude that remand is warranted. [Footnote 1 omitted.] Polaris based many of its contentions on appeal on alleged inconsistencies in the Board's treatment of U.S. Patent No. 3,407,893 ("Hill") in its institution decisions versus its final written decisions. Though we express no opinion on the merits of Polaris's contentions, we find it appropriate in this case to allow the Board to consider the noninstituted claims and grounds, which may resolve the alleged inconsistencies. We thus remand these IPRs to allow the Board to consider the noninstituted portions of Arctic Cat's petitions. On remand, the Board need not reconsider issues already addressed in its final written decisions unless, in the course of considering the noninstituted claims and grounds, it finds it necessary to do so. [Polaris Industries Inc. v. Arctic Cat, Inc., 2017-1870, 2017-1871 (Fed. Cir. 5/30/2018)(Non-precedential order).]

Ericsson Inc. v. Intellectual Ventures I LLC, 2016-1671 (Fed. Cir. 5/29/2018).

This is a decision on an appeal from PTAB case IPR2014-00963.

The Federal Circuit majority consisted of Chief Judge Prost and Judge Newman. Judge

Wallach dissented. The PTAB sustained the patentability of claims 1-16. Petitioner Ericsson appealed. The Federal Circuit reversed as to claim 1 and vacated and remanded as to claims 2-16.

Legal issue: 5 USC 706(2), substantial evidence, requirement for support for expert testimony contrary to the teachings of a reference, sufficient to support a finding contrary to the teachings of the reference

The Federal Circuit concluded that an unsupported opinion (that is a conclusory opinion unsupported by reasoning and or documents) is not substantial evidence sufficient to contradict teachings in a reference. The Federal Circuit concluded that the PTAB erred by accepting IV's unsupported expert testimony contradicting the reference's teaching that the GSM frequency hopping standard may be used

> PTAB decisions are reviewed in accordance with the Administrative Procedure Act, 5 U.S.C. § 706(2). Agency findings of fact are reviewed for support by substantial evidence in the agency record, and agency rulings of law are reviewed for correctness in accordance with law. *See In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000). [Ericsson Inc. v. Intellectual Ventures I LLC, 2016-1671 (Fed. Cir. 5/29/2018).]
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> To contradict a reference, an unsupported opinion is not substantial evidence. *See Homeland Housewares, LLC v. Whirlpool Corp.*, 865 F.3d 1372, 1378 (Fed. Cir. 2017) ("[W]e must disregard the testimony of an expert that is plainly inconsistent with the record, or based on an incorrect understanding of the claim[s]." (citations and internal quotation marks omitted) (second alteration in original)). Although the PTAB adopted the opinion of IV's expert and stated on rehearing that it found Ericsson's expert lacking in credibility, this is not a matter of credibility but of technological evidence. [Ericsson Inc. v. Intellectual Ventures I LLC, 2016-1671 (Fed. Cir. 5/29/2018).]
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> The PTAB acknowledged that the two patents "share significant disclosure." PTAB Dec. 10. Claim 1 of the '408 patent is directed to the shared disclosure; any differences in the disclosures are not in claim 1. The PTAB points to subordinate figures as showing differences between the '480 and '408 patents. *Id.* at 5–6, 12, 27–28. However, such differences are not reflected in claim 1, whose scope is indistinguishable from the disclosure of the '480 patent. [Ericsson Inc. v. Intellectual Ventures I LLC, 2016-1671 (Fed. Cir. 5/29/2018).]
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> ...IV argued before the PTAB that there are differences in details and in performance; for example, IV's expert stated that the method described in the '480 patent cannot remap the incoming data fast enough to support frequency hopping. J.A. 403–08; J.A. 3365 (¶101). This contradicts the statement in the '480 patent that the GSM frequency hopping standard may be used. '480 patent, col. 5, ll. 4–17. To contradict a reference, an unsupported opinion is not substantial

evidence. *See Homeland Housewares, LLC v. Whirlpool Corp.*, 865 F.3d 1372, 1378 (Fed. Cir. 2017) ("[W]e must disregard the testimony of an expert that is plainly inconsistent with the record, or based on an incorrect understanding of the claim[s]." (citations and internal quotation marks omitted) (second alteration in original)). Although the PTAB adopted the opinion of IV's expert and stated on rehearing that it found Ericsson's expert lacking in credibility, this is not a matter of credibility but of technological evidence. [Ericsson Inc. v. Intellectual Ventures I LLC, 2016-1671 (Fed. Cir. 5/29/2018).]

XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).

This is a decision on appeals from the D. Col. district court case 1:13-cv-00876-WJM-NYW. After a jury trial on the breach of a patent license contract and patent infringement, both parties appealed. The jury had found both parties in breach and the patents infringed and not invalid. The district court awarded ongoing royalties and otherwise denied all other post trial requests for relief. Both parties appealed. The Federal Circuit majority consisting of Judges Dyk and Chen affirmed-in-part, vacated in part, and remanded. The Federal Circuit majority contains a significant holding regarding collateral estoppel, and it is from this holding that Judge Newman dissented.

Legal Issue: Collateral estoppel from a decision on an appeal from the PTAB holding claims unpatentable.

The Federal Circuit majority held that the Court's affirmance of invalidity of claims of a patent in *any* case "has an immediate issue preclusive effect on any pending or co-pending actions involving the patent." The majority held that:

> As a threshold matter, we need not address Trans Ova's invalidity arguments as to the Freezing Patent claims in view of our affirmance today in a separate appeal invalidating these same claims, which collaterally estops XY from asserting the patent in any further proceedings. In this separate case appealed to us and argued on the same day as the instant appeal, the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office (Board) held that these claims are unpatentable in a final written decision from an inter partes review proceeding. *See generally XY, LLC v. ABS Glob., Inc.*, Appeal No. 16-2228. In a separate order issued today, we affirm the Board's decision. [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

> That affirmance renders final a judgment on the invalidity of the Freezing Patent, and has an immediate issue preclusive effect on any pending or co-pending actions involving the patent. This court has previously applied collateral estoppel to such co-pending cases because "a patentee, having been afforded the opportunity to exhaust his remedy of appeal from a holding of invalidity, has had his 'day in court,'" and a defendant should not have to continue "defend[ing] a suit for infringement of [an] adjudged invalid patent." *U.S. Ethernet Innovations, LLC v. Tex. Instruments Inc.*, 645 F. App'x 1026, 1028–30 (Fed. Cir. 2016) (citing *Blonder-Tongue Labs., Inc. v. Univ. of Ill.*

Found., 402 U.S. 313 (1971)); *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 F. App'x 988 (Fed. Cir. 2007). [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

We do not find, as the Dissent states, that "in the event of conflict the administrative agency's decision 'moots' the district court's decision." Dissent at 6. Rather, we find that an affirmance of an invalidity finding, whether from a district court or the Board, has a collateral estoppel effect on all pending or co-pending actions. This court has long applied the Supreme Court's holding in *Blonder-Tongue* to apply collateral estoppel in mooting pending district court findings of no invalidity based on intervening final decisions of patent invalidity. *See, e.g., Mendenhall v. Barber-Greene Co.*, 26 F.3d 1573, 1576 (Fed. Cir. 1994); *Dana Corp. v. NOK, Inc.*, 882 F.2d 505, 507–08 (Fed. Cir. 1989). This court also recently applied the Supreme Court's holding in *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293, 1303 (2015), to apply such estoppel to Board decisions. *See MaxLinear, Inc. v. CF CRESPE LLC*, 880 F.3d 1373 (Fed. Cir. 2018). The instant case is a straightforward application of this court's and Supreme Court precedent. [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

Further, the fact that the Defendant in this case and the Petitioners in an inter partes review at the Board were different parties is of no consequence. "An unrelated accused infringer may . . . take advantage of an unenforceability decision under the collateral estoppel doctrine." *Pharmacia & Upjohn Co. v. Mylan Pharm., Inc.*, 170 F.3d 1373, 1379 (Fed. Cir. 1999) (affirming district court application of collateral estoppel). [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

Thus, in view of this court's concurrent affirmance of the Board's decisions in *XY, LLC v. ABS Global, Inc.,* Appeal No. 16-2228, we do not address Trans Ova's invalidity arguments as to the Freezing Patent claims in this appeal, and dismiss Trans Ova's appeal of the district court's decision on this issue as moot. [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

Judge Newman drafted a cogent and detailed dissent, explaining why she believed that collateral estoppel should not apply. Since this is however a dissent, I quote only a portion here. However, I expect a request for rehearing and rehearing en banc, and I expect that request will be granted, but make no prediction on the outcome of the rehearing.

I concur in the court's judgment on the contract and antitrust issues. My concern is with the holding that the district court's judgment of validity of the Freezing Patent is "moot" on the ground of collateral estoppel. This holding of estoppel is based on a PTAB ruling in a separate case involving non-mutual

parties, and contravenes not only the America Invents Act's estoppel provision, but also the general law of collateral estoppel. Of further concern, this holding that judicial authority is estopped by an administrative agency ruling between non-mutual parties warrants attention to the constitutional balance among the branches of government. In addition, due process is not served by my colleagues' sua sponte creation of this estoppel on this appeal, without notice to the parties, without briefing, and without opportunity to respond. [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018), Judge Newman's dissent.]

My colleagues rely on this panel's concurrent affirmance of the PTAB's invalidation of the Freezing Patent in a non-mutual proceeding, *XY, LLC v. ABS Global, Inc.*, Appeal No. 16-2228. On the standard of "substantial evidence," the PTAB decision is supportable. However, on the district court's standard of "clear and convincing evidence," or even applying the standard of "preponderant evidence," the Freezing Patent retains validity. This discrepancy and the ensuing uncertainty of outcome illuminate a major flaw in the America Invents Act. Although it is now confirmed that Congress has authority to authorize the PTAB to invalidate issued patents, *see Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, No. 16-712, 2018 WL 1914662 (U.S. Apr. 24, 2018), it cannot be inferred that Congress also authorized the PTAB to override the judgments of Article III courts. [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018), Judge Newman's dissent.]

Legal issue: 35 USC 284, royalty rate determination for ongoing infringement.

Post jury trial, the district court reduced the royalty rate for ongoing infringement from the 15% of gross sales effectively determined by the jury for pre-verdict infringement, in view of the 10 percent royalty rate of other licenses for the same patents, to arrive at a 12.5% rate. The Federal Circuit vacated and remanded, because the district court "focused on pre-verdict factors that were either irrelevant or less relevant than post-verdict factors" in determining a royalty rate lower than the rate the jury effectively calculated for pre verdict infringement. While having minimum precedential value, the Court provides a good synthesis and application of its post-verdict royalty rate determination law.

In *Amado v. Microsoft Corp.*, we held that there is a "fundamental difference" between "a reasonable royalty for pre-verdict infringement and damages for post-verdict infringement." 517 F.3d 1353, 1360 (Fed. Cir. 2008). For example, when calculating an ongoing royalty rate, the district court should consider the "change in the parties' bargaining positions, and the resulting change in economic circumstances, resulting from the determination of liability." *Id*. at 1362. When patent claims are held to be not invalid and infringed, this amounts to a "substantial shift in the bargaining position of the parties." *ActiveVideo Networks, Inc. v. Verizon Commc'ns, Inc.*, 694 F.3d 1312, 1342 (Fed. Cir. 2012). We have also instructed district courts to consider changed economic

circumstances, such as changes related to the market for the patented products. *Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293, 1315 n.15 (Fed. Cir. 2007); *ActiveVideo*, 694 F.3d at 1343 (noting that district courts may consider "additional evidence" of "economic circumstances that may be of value in determining an appropriate ongoing royalty"). [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

The requirement to focus on changed circumstances is particularly important when, as in this case, an ongoing royalty effectively serves as a replacement for whatever reasonable royalty a later jury would have calculated in a suit to compensate the patentee for future infringement. *See Paice*, 504 F.3d at 1315 n.15 ("This process will . . . allow the parties the opportunity to present evidence regarding an appropriate [ongoing] royalty rate to compensate [the patentee] . . . ." (emphasis added)). The later jury would necessarily be focused on what a hypothetical negotiation would look like after the prior infringement verdict. Therefore, post-verdict factors should drive the ongoing royalty rate calculation in determining whether such a rate should be different from the jury's rate. *See Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1370 (Fed. Cir. 2017) ("Ongoing royalties may be based on a post-judgment hypothetical negotiation using the Georgia–Pacific factors."). [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

The district court focused on pre-verdict factors that were either irrelevant or less relevant than post-verdict factors. In particular, the district court awarded an ongoing royalty based on an average between the jury's reasonable royalty for past infringement (15%) and the rate established in the parties' pre-suit license Agreement (10%). There are several problems with the district court's usage of the 10% license rate in determining the ongoing royalty rate. First, that license rate had already been considered by the jury when it found that a higher rate of 15% was warranted for assessing damages, and that determination has not been appealed. To incorporate the license rate a second time in the context of the ongoing rate essentially amounts to undoing a jury finding. Second, the license rate was arrived at in the context of the parties' pre-suit bargaining positions. It therefore is not relevant to assessing any changed circumstances that could alter a hypothetical negotiation between the date of first infringement and the date of the jury's verdict. The district court also appeared to consider XY's past behavior in engaging in "failed negotiations to enter into an amended license agreement with Trans Ova" in calculating the ongoing royalty. J.A. 26–27. However, the district court cited no evidence that the parties' past actions would carry forward during future infringement or why they would be relevant for calculating a royalty rate for future patent infringement. The district court thus provided no reasoned basis for lowering the royalty XY could recover for future infringement from the rate the jury provided for past infringement. The focus should have been on XY's improved bargaining position and any other changed economic factors (as

articulated in *Amado*, A*ctiveVideo*, and *Paice*) rather than XY's past acts. [XY, LLC v. Trans Ova Genetics, L.C., 2016-2054, 2016-2136 (Fed. Cir. 5/23/2018).]

UCB, Inc., UCB Biopharma SPRL v. Accord Healthcare, Inc., 2016-2610, 2016-2683, 2016-2685, 2016-2698, 2016-2710, 2017-1001 (Fed. Cir. 5/23/2018).

This is a decision on appeals from the D. Del district court cases 1:13-cv-01206-LPS; 1:13-cv-01207-LPS; 1:13-cv-01208-LPS; 1:13-cv-01209-LPS; 1:13-cv-01210-LPS; 1:13-cv-01211-LPS; 1:13-cv-01212-LPS; 1:13-cv-01213-LPS; 1:13-cv-01214-LPS; 1:13-cv-01215-LPS; 1:13-cv-01216-LPS; 1:13-cv-01218-LPS; 1:13-cv-01219-LPS; 1:13-cv-01220-LPS; and 1:14-cv-00834-LPS. The district could held the claims not invalid. Accord appealed. The Federal Circuit majority consisting of Judges Bryson and Stoll affirmed. Judge Prost dissented.

Legal issue: Obviousness-type double patenting, legal test, propriety of considering claimed differences as well as claims as a whole.

The Federal Circuit held that the district court did not commit error by "focusing its double patenting analysis on the claims' differences, as well as the claims as a whole."

> Before the district court, the parties disagreed as to the correct legal test for obviousness-type double patenting. Appellants argued that only the differences between claims 44–47 of the '301 patent and claims 9, 10, and 13 of the asserted '551 patent are to be considered. UCB argued that the claims as a whole should be considered, including the commonalities between the claims and whether a person of ordinary skill in the art would have been motivated to also modify any of those commonalities when modifying the differences between the claims. Specifically, UCB argued that the court should consider whether the commonly shared R3 methoxymethyl group in the '301 and '551 patents would have been substituted with another substituent when considering which substituents to place at the R and R1 positions. The district court adopted Appellants' theory, but held that the asserted claims are not invalid for obviousness-type double patenting under either theory.
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> We agree with Appellants that the obviousness-type double patenting inquiry requires consideration of the differences between the claims in the reference '301 patent and the '551 patent. As we stated above, the focus of the double patenting analysis entails determining the differences between the compounds claimed in the reference and asserted patents and then "determin[ing] whether those differences render the claims patentably distinct." *AbbVie*, 764 F.3d at 1374 (emphasis added). In this case, both claims recite a methoxymethyl group at R3. Thus, the double patenting analysis requires determining whether the claims' differences, i.e., unsubstituted benzyl and methyl at R and R1, would have been obvious to one of skill in the art.
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> At the same time, as we explained in *Eli Lilly & Co. v. Teva Parenteral Medicines, Inc.*, 689 F.3d 1368 (Fed. Cir. 2012), "those differences [between the claims] cannot be considered in isolation—the claims must be considered as a whole." *Id.* at 1377. Indeed, "just as § 103(a) requires asking whether the claimed

> subject matter 'as a whole' would have been obvious to one of skill in the art, so too must the subject matter of the [asserted claims] be considered 'as a whole' to determine whether the [reference patent] would have made those claims obvious for purposes of obviousness-type double patenting." *Id.* at 1377 (quoting *Gen. Foods Corp. v. Studiengesellschaft Kohle mbH*, 972 F.2d 1272, 1278 (Fed. Cir. 1992)). Thus, the district court did not err by focusing its double patenting analysis on the claims' differences, as well as the claims as a whole. [UCB, Inc., UCB Biopharma SPRL v. Accord Healthcare, Inc., 2016-2610, 2016-2683, 2016-2685, 2016-2698, 2016-2710, 2017-1001 (Fed. Cir. 5/23/2018).]

The remainder of this opinion concentrates on fact based analysis, having no significant precedential effect outside of this case.

D Three Enterprises, LLC v. Sunmodo Corporation, 2017-1909, 2017-1910 (Fed. Cir. 5/21/2018).

This is a decision on appeals from the D. Col. cases 1:15-cv-01148-CBS and 1:15-cv-01151-CBS. The district court held the "washerless" claims invalid. D Three appealed. The Federal Circuit affirmed.

Legal issue: Probative value of admission of a lack of *suggestion* that a feature is not disclosed, on to the contention that the feature is disclosed. The Federal Circuit concluded that an admission that there is no statement in the subject application "that *suggest* the various attachment brackets *cannot* be used in a washerless system," supported a conclusion that the subject application did not *disclose* that various attachment brackets *can* be used in a washerless system.

> Having determined that the 2009 Application discloses a washerless assembly, we must determine whether a PHOSITA would recognize "upon reading the [2009 Application]" that any attachment brackets as claimed in the Washerless Claims could be used in washerless assemblies. *In re Owens*, 710 F.3d 1362, 1368 (Fed. Cir. 2013). We agree with the District Court that washerless assemblies using attachments other than attachment bracket 1700, which has "W[-]shaped prongs," J.A. 2223, are not adequately disclosed, because the 2009 Application in no way contemplates the use of other types of attachment brackets in a washerless assembly, see J.A. 2212-46 (failing to disclose in the 2009 Application any other washerless assemblies). The 2009 Application never uses the term washerless, or describes any other types of attachment brackets that could be used in the claimed roof mount assemblies. See J.A. 2212-46. D Three's admission that "[t]here are no statements in the 2009 Application . . . that suggest the various attachment brackets *cannot* be used in a washerless system," Appellant's Br. 27 (emphasis added), further supports our finding. As we have stated, "[i]t is not sufficient for purposes of the written description requirement of § 112 that the disclosure, when combined with the knowledge in the art, would lead one to speculate as to the modifications that the inventor might have envisioned, but failed to disclose." *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565,

1572 (Fed. Cir. 1997); *see Amgen*, 872 F.3d at 1374. [D Three Enterprises, LLC v. Sunmodo Corporation, 2017-1909, 2017-1910 (Fed. Cir. 5/21/2018).]

Legal issue: 35 USC 112(a) written description, broadened claims.

The District Court found that a PHOSITA would have understood that the particular washerless assembly's bracket disclosed in the benefit application was not an optional feature. The claim covered alternatives to the bracket disclosed in the benefit application.
The District Court held that the Washerless claims were not entitled to benefit of the 2009 Application because the 2009 Application did not support washerless claims that did not define such a bracket. On appeal, the Federal Circuit agreed with the district court, that the 2009 Application "in no way contemplates the use of other types of attachment brackets in a washerless assembly."

The Federal Circuit held that claims lacked written description support in benefit application and therefore entitlement to benefit, when the benefit application disclosed "one inventive component, and the ...[subject claims] claim[ed] entirely different inventive components in the same field."

> D Three also incorrectly claims that this case is "analogous" to our non-precedential decision in *Cordis Corp. v. Boston Scientific Corp*. Appellant's Br. 29 (citing 188 F. App'x 984 (Fed. Cir. 2006)); see id. at 29-31. In *Cordis*, we found adequate written description where there was "no doubt" that prior art disclosed two inventive components, and the question was whether the disclosure provided adequate written description for asserted claims that were "directed to one of those inventive components and not to the other." 188 F. App'x at 990. Here, by contrast, the 2009 Application discloses one inventive component, and the Washerless Claims claim entirely different inventive components in the same field. *Compare* J.A. 2246 (Figure 41's washerless assembly using a W-shaped prong), with '339 patent col. 11 ll. 8-9 (reciting in claim 1 a washerless assembly using an "attachment bracket having a third attachment element disposed on an upper portion of said attachment bracket"). *Cordis* is inapposite. [D Three Enterprises, LLC v. Sunmodo Corporation, 2017-1909, 2017-1910 (Fed. Cir. 5/21/2018).]

Note: I have problems interpreting this statement. The Court's reference to the prior art disclosing "inventive components" is confusing. The Court might mean that claim 1's "attachment bracket having a third attachment element disposed on an upper portion of said attachment bracket" is an "inventive component" and is not disclosed in the prior art. But I see no statement in the opinion that a bracket having a third attachment element on an upper portion was not disclosed in the prior art.

Praxair Distribution, Inc. v. Mallinckrodt Hospital Products IP Ltd., 2016-2616, 2016-2656 (Fed. Cir. 5/16/2018).

This is a decision on appeals from PTAB case IPR2015-00529.The PTAB held claim 9 not unpatentable as obvious, from which Mallinckrodt appealed. The PTAB also held claims 1–8

and 10–11 unpatentable as obvious, from which Mallinckrodt cross-appealed. The Federal Circuit affirmed the PTAB's holding claims 1–8 and 10–11 unpatentable, and reversed the PTAB's holding of claim 9 not unpatentable.

The Federal Circuit panel majority consisted of Judges Lourie and Prost. Judge Newman concurred in the judgement, but wrote an opinion in which she "disagree[d] with the court's view of the "printed matter doctrine" and its application to "information" and "mental steps."

Legal issue: 35 USC 112(b), patentable weight accorded mental steps.

Claim 1 required obtaining and supplying a cylinder containing a gaseous blend of nitric oxide and nitrogen to a medical provider. Claim 1 also required "providing information" to the medical provider relating dosing and risk of using nitric oxide on patients with left ventrical dysfunction. Claim 3 depended from claim 1 and claimed the medical practitioner "evaluating" the risk versus benefit of administering nitric oxide, knowing that "that inhaled nitric oxide could cause an increase in PCWP leading to pulmonary edema in patients who have pre-existing [LVD]." The Federal Circuit majority noted that the PTAB properly construed the "providing information" limitation in claim 1 to be either printed matter or purely mental steps not entitled to patentable weight ... [because] those limitations lacked a functional relationship to the other claim limitations...."

The Federal Circuit then considered the claim 3 "evaluating" limitation and held that "a limitation that merely claims information by incorporating that information into a mental step will receive patentable weight only if the limitation is functionally related to the substrate."

The following quotes the Federal Circuit's restatement of the printed matter doctrine.

> Claim limitations directed to printed matter are not entitled to patentable weight unless the printed matter is functionally related to the substrate on which the printed matter is applied. *E.g., In re DiStefano*, 808 F.3d 845, 848 (Fed. Cir. 2015); *In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983). While early cases developing this doctrine applied it to claims literally encompassing "printed" materials, *e.g., In re Russell*, 48 F.2d 668, 669 (CCPA 1931) (claim to phonetically-arranged directory was printed matter), our cases have not limited the doctrine to that particular factual context, *e.g., King Pharm., Inc. v. Eon Labs, Inc.*, 616 F.3d 1267, 1279 (Fed. Cir. 2010) (holding that a claimed step of informing someone about an inherent property of a method was printed matter). Rather, we have held that a claim limitation is directed to printed matter "if it claims the content of information." *DiStefano*, 808 F.3d at 848. [Praxair Distribution, Inc. v. Mallinckrodt Hospital Products IP Ltd., 2016-2616, 2016-2656 (Fed. Cir. 5/16/2018).]

> Claim limitations directed to the content of information and lacking a requisite functional relationship are not entitled to patentable weight because such information is not patent eligible subject matter under 35 U.S.C. § 101. *See AstraZeneca LP v. Apotex, Inc.*, 633 F.3d 1042, 1064 (Fed. Cir. 2010) ("This court has generally found printed matter to fall outside the scope of § 101."); *In re Chatfield*, 545 F.2d 152, 157 (CCPA 1976) ("Some inventions, however meritorious, do not constitute patentable subject matter, e.g., printed matter . . .

."); *cf. Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1349–50 (Fed. Cir. 2014) ("Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter under section 101."); *Guthrie v. Curlett*, 10 F.2d 725, 726–27 (2d Cir. 1926) (stating that the plot of a printed work may be copyrighted but not patented). While the doctrine's underlying rationale is in subject matter eligibility, its application has been in analyzing other patentability requirements, including novelty under 35 U.S.C. § 102, *e.g., King*, 616 F.3d at 1279, and nonobviousness under 35 U.S.C. § 103, *e.g., In re Huai-Hung Kao*, 639 F.3d 1057, 1072–74 (Fed. Cir. 2011). [Praxair Distribution, Inc. v. Mallinckrodt Hospital Products IP Ltd., 2016-2616, 2016-2656 (Fed. Cir. 5/16/2018).]

If a claim limitation is directed to printed matter, then the next step is to ascertain whether the printed matter is functionally related to its "substrate." Printed matter that is functionally related to its substrate is given patentable weight. *DiStefano*, 808 F.3d at 850. Likewise, "[w]here the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability." *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004) (alteration in original) (internal quotation marks omitted). We have held that merely adding an instruction sheet or other informational content to a drug product is not sufficient to create a functional relationship, even if required by the FDA for approval. *AstraZeneca*, 633 F.3d at 1065 (holding that FDA-required instructions did not create functional relationship to drug); King, 616 F.3d at 1279 (same for step of "informing" patient about properties of drug). Rather, the printed matter must be interrelated with the rest of the claim. For example, in *Ngai*, 367 F.3d at 1339, there was no functional relationship between claimed instructions and a diagnostic kit, as the instructions "in no way depend[ed] on the kit, and the kit [did] not depend on the" instructions. *Ngai* distinguished *Gulack*, where there was a functional relationship between printed digits on a circular band because "the printed matter and the circularity of the band were interrelated, so as to produce a new product useful for educational and recreational mathematical purposes." *Id*. (internal quotation marks omitted); *see also In re Miller*, 418 F.2d 1392, 1396 (CCPA 1969) (concluding that there was a functional relationship between a measuring receptacle and "volumetric indicia thereon indicating volume in a certain ratio").*** Applying precedent to this case, we agree with Praxair that the Board properly addressed the printed matter doctrine during claim construction. [Praxair Distribution, Inc. v. Mallinckrodt Hospital Products IP Ltd., 2016-2616, 2016-2656 (Fed. Cir. 5/16/2018).]

The following passages discuss claim 3 and contain the new point of law noted above.

Mallinckrodt also argues that the Board erred at the first step of the printed matter analysis by concluding that claim limitations reciting mental steps were not entitled to patentable weight. According to Mallinckrodt, whether claims

are directed to mental steps may only be considered in determining patent eligibility, not obviousness, and thus the Board erred in not giving patentable weight to the evaluating limitation of claim 3. *** We disagree. Like the information claimed by printed matter, mental steps or processes are not patent eligible subject matter. *See, e.g., Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1378 (Fed. Cir. 2016); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011). And while subject matter eligibility underlies the printed matter doctrine, *see AstraZeneca*, 633 F.3d at 1064, many of our printed matter cases have arisen in the context of anticipation or obviousness, *see, e.g., DiStefano*, 808 F.3d at 848 (anticipation); *Kao*, 639 F.3d at 1072 (obviousness); *King*, 616 F.3d at 1278 (anticipation); *Ngai*, 367 F.3d at 1338 (anticipation); *Gulack*, 703 F.3d at 1385 (obviousness). The printed matter doctrine thus raises an issue where the § 101 patent-eligibility inquiry and the § 102 and § 103 novelty and nonobviousness inquiries overlap. *Cf. Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 90 (2012). Because claim limitations directed to mental steps may attempt to capture informational content, they may be considered printed matter lacking patentable weight in an obviousness analysis. Accordingly, a limitation that merely claims information by incorporating that information into a mental step will receive patentable weight only if the limitation is functionally related to the substrate. [Praxair Distribution, Inc. v. Mallinckrodt Hospital Products IP Ltd., 2016-2616, 2016-2656 (Fed. Cir. 5/16/2018).]

The evaluating limitation in claim 3 is directed to a mental step that is also printed matter. *** This limitation merely requires a medical provider to think about the information claimed in the providing information limitation of claim 1. But adding an ineligible mental process to ineligible information still leaves the claim limitation directed to printed matter. To hold otherwise would make the printed matter doctrine a dead letter, requiring no more than a "think about it" step to give patentable weight to a claim limitation directed to information content. There is no meaningful distinction between claim limitations directed to written information in *Kao*, *Ngai*, and *AstraZeneca*, verbal information in *King*, and mentally-processed information here. An applicant cannot "continue patenting a product indefinitely provided that they add a new instruction sheet," *Ngai*, 367 F.3d at 1339, or as we now hold, information together with a purely mental step. [Praxair Distribution, Inc. v. Mallinckrodt Hospital Products IP Ltd., 2016-2616, 2016-2656 (Fed. Cir. 5/16/2018).]

In re Bigcommerce, Inc., 2018-120, 2018-122 (Fed. Cir. 5/15/2018).

Bigcommerce filed three petitions for writs of mandamus for E.D. Tex cases 6:17-cv-00186-JRG-JDL and 2:17-cv-00160-JRG-RSP. The Federal Circuit granted the petitions.

Legal Issue: 28 USC 1400(b), the meaning of "resides."

Section 1400(b) states that "Any civil action for patent infringement may be brought in

the judicial district where the defendant *resides*, *or* where the defendant has committed acts of infringement and has a regular and established place of business." The Federal Circuit held that "a domestic corporation incorporated in a state having multiple judicial districts “resides” for purposes of the patent-specific venue statute, 28 U.S.C. § 1400(b), only in the single judicial district within that state where it maintains a principal place of business, or failing that, the judicial district in which its registered office is located."

The Federal Circuit first addressed the meaning of "resides" in 1400(b).

> We first address the question of whether a domestic corporation incorporated in a state having multiple judicial districts “resides” for purposes of the patent-specific venue statute, § 1400(b), in each and every judicial district in that state. We hold that it does not. That conclusion finds clear support in the statute’s language, history, purpose, and precedent.

The Federal Circuit next addressed the situation in which a state in which defendant incorporated encompassed multiple judicial districts and the defendant lacked a principle place of business in the state.

> Respondents contend that this narrow interpretation of § 1400(b) may make the statutory provision more difficult to apply in states having multiple judicial districts. Respondents note, for example, that defendants do not always have principal offices or other indicia of inhabitance in any location in the state in which they incorporate or may have facilities in more than one district. This raises the question: “Which single judicial district in a multi-district state is the proper judicial district for purposes of venue under § 1400(b) in an infringement suit against a corporate defendant?” [In re Bigcommerce, Inc., 2018-120, 2018-122 (Fed. Cir. 5/15/2018).]
>
> The answer depends on whether the corporate defendant maintains a principal place of business in the state. If so, the judicial district where the principal place of business is located would be the proper venue under the statute. *** If the corporation does not maintain its principal place of business within the state in which it is incorporated— yet for purposes of venue is considered to be a resident of the state in which it is incorporated, *TC Heartland*, 137 S. Ct. at 1521—then the natural default is to deem it to reside in the district in which its registered office, as recorded in its corporate filings, is located, see Shaw, 145 U.S. at 449. A universally recognized foundational requirement of corporate formation is the designation of a registered office that will serve as a physical presence within the state of the newly formed corporation. In the absence of an actual principal place of business as noted above, the public is entitled to rely on the designation of the registered office, as set forth in publicly available corporate filings, as the place where the corporation resides. For the foregoing reasons, we hold that for purposes of determining venue under § 1400(b) in a state having multiple judicial districts, a corporate defendant shall be considered to “reside”

only in the single judicial district within that state where it maintains a principal place of business, or, failing that, the judicial district in which its registered office is located. [In re Bigcommerce, Inc., 2018-120, 2018-122 (Fed. Cir. 5/15/2018).]

SAP America, Inc. v. InvestPic , LLC, 2017-2081 (Fed. Cir. 5/15/2018).

This is a decision on an appeal from N.D. Tex. case 3:16-cv-02689-K. The district court held all claims ineligible under 35 USC 101, on the pleadings. InvestPic appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 101, patent eligibility.

The Federal Circuit held that an innovation in mathematical calculations was an innovation in ineligible subject matter.

> We may assume that the techniques claimed are "[g]roundbreaking, innovative, or even brilliant," but that is not enough for eligibility. *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013); *accord buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352 (Fed. Cir. 2014). Nor is it enough for subject-matter eligibility that claimed techniques be novel and nonobvious in light of prior art, passing muster under 35 U.S.C. §§ 102 and 103. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 89–90 (2012); *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) ("[A] claim for a new abstract idea is still an abstract idea. The search for a § 101 inventive concept is thus distinct from demonstrating § 102 novelty."); *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1315 (Fed. Cir. 2016) (same for obviousness) (*Symantec*). The claims here are ineligible because their innovation is an innovation in ineligible subject matter. Their subject is nothing but a series of mathematical calculations based on selected information and the presentation of the results of those calculations (in the plot of a probability distribution function). No matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm. An advance of that nature is ineligible for patenting. [SAP America, Inc. v. InvestPic , LLC, 2017-2081 (Fed. Cir. 5/15/2018).]

Anacor Pharmaceuticals, Inc. v. Iancu, 2017-1947 (Fed. Cir. 5/14/2018).

This is a decision on an appeal from PTAB case IPR2015-01776. The PTAB held all claims of the patent unpatentable for obviousness. Anacor appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 103, obviousness, chemical compounds, structural and functional similarity.

The Federal Circuit upheld the PTAB's conclusion that a method clam directed to a new treatment using a known compound was unpatentable for obviousness. The method was treating an animal having tinea unguium invention comprising administering a therapeutically effective amount of tavaborole (claim 6 restated). In doing so, the Federal Circuit held that "Where the patent is directed to a new treatment using a known compound, it is reasonable to assume that

similar compounds that share certain common properties are apt to share other related properties as well." This was in light of the Federal Circuit's understanding that in this case, "there is only limited structural similarity," and that it was the "functional similarities between the compounds" that was the "substantial evidence [that] support[ed] the Board's [related] findings."

The Federal Circuit discussed the law of obviousness for clams to *new* chemical compounds involving (1) structural similarity, and (2) nexus between structural and functional similarity.

> It is true that in the case of patents on new chemical compounds, the obviousness inquiry "frequently turns on the structural similarities and differences between the compounds claimed and those in the prior art." *Daiichi Sankyo Co. v. Matrix Labs., Ltd.*, 619 F.3d 1346, 1352 (Fed. Cir. 2010). In such cases, where the properties of the new chemical compound are not known, structural similarity is often sufficient to create an expectation that the "new compound will have similar properties to the old." *Altana Pharma AG v. Teva Pharm. USA, Inc.*, 566 F.3d 999, 1007 (Fed. Cir. 2009) (quoting *Eisai Co. v. Dr. Reddy's Labs., Ltd.*, 533 F.3d 1353, 1357 (Fed. Cir. 2008)). *** To be clear, we recognize that structural similarity is an important factor in assessing the motivation to combine and reasonable expectation of success. It has been long recognized that chemical compounds with similar structures often have similar properties and that similarity in properties can be inferred from structural similarity. *In re Hass*, 141 F.2d 122, 125 (CCPA 1944). Our cases have held that the greater the structural similarity between the compounds, the greater the motivation to combine and reasonable expectation of success. *Eli Lilly & Co. v. Zenith Goldline Pharm., Inc.*, 471 F.3d 1369, 1377 (Fed. Cir. 2006) (noting that, for a new chemical compound, finding obviousness requires "structural similarity" and a "reason or motivation to make the claimed compositions" (quoting *In re Dillon*, 919 F.2d 688, 692 (Fed. Cir. 1990) (en banc))); *In re Deuel*, 51 F.3d 1552, 1558 (Fed. Cir. 1995) ("Structural relationships may provide the requisite motivation or suggestion to modify known compounds to obtain new compounds."). The opposite is true, too: the less the structural similarity, the less the motivation to combine and the reasonable expectation of success. *In re Jones*, 958 F.2d 347, 350 (Fed. Cir. 1992) (reversing the prima facie obviousness finding because of the "lack of close similarity of structure"). *** At the same time, our cases recognize that the chemical arts are unpredictable and that similar structures do not always result in similar properties. *See Eisai Co.*, 533 F.3d at 1359. The obviousness inquiry often depends on whether there is evidence demonstrating a nexus between structural similarities (or dissimilarities) and functional similarities (or dissimilarities). [Anacor Pharmaceuticals, Inc. v. Iancu, 2017-1947 (Fed. Cir. 5/14/2018).]

The Federal Circuit applied those criteria to this case, but with the additional presumption that, because the patent was directed to a new treatment using a known compound, it was reasonable to assume that similar compounds that share certain common properties (as in this case) are apt to share other related properties.

> This case, however, does not involve a patent on a new chemical compound. Where the patent is directed to a new treatment using a known compound, it is reasonable to assume that similar compounds that share certain common properties are apt to share other related properties as well. *See In re Merck & Co.*, 800 F.2d 1091, 1096 (Fed. Cir. 1986) (the fact that two similar compounds are both psychotropic drugs and one possesses antidepressive properties suggests that the other may possess antidepressive properties as well); *see also In re Mehta*, 347 F.2d 859, 864 (CCPA 1965) ("The similarity of properties of a reference compound as compared with a claimed compound gives rise to an even stronger inference of obviousness than that of structural similarity alone[.]"); *In re Rosselet*, 347 F.2d 847, 850 (CCPA 1965) (referring to a "prima facie showing of obviousness by reason of the admitted 'gross structural similarities' of the art compounds, coupled with the fact those compounds are shown to have utility in the same area of pharmacological activity"). *** In this case, although there is only limited structural similarity between the compounds disclosed in Austin and Brehove, we conclude that, in light of the combination of the structural and functional similarities between the compounds, substantial evidence supports the Board's findings. [Anacor Pharmaceuticals, Inc. v. Iancu, 2017-1947 (Fed. Cir. 5/14/2018).]
>
> The Board understood that the petitioner's theory was "not based on structural similarities alone," but was "based on the combination of structural similarity and functional similarity." Final Written Decision, at 28. And the Board agreed with the petitioner that "a person of ordinary skill in the art would have expected that tavaborole, which shares functional activity with the compounds of Brehove, would have shared other activities as well, such as the inhibition of additional fungi responsible for onychomycosis." *Id.* at 29. The Board thus did not disregard the structural differences between the compounds of Austin and Brehove or attribute undue significance to their structural similarities. For the foregoing reasons, ... uphold the Board's conclusion that claim 6 ... is invalid for obviousness. [Anacor Pharmaceuticals, Inc. v. Iancu, 2017-1947 (Fed. Cir. 5/14/2018).]

M-I Drilling Fluids UK Ltd. v. Dynamic Air Ltda., 2016-1772 (Fed. Cir. 5/14/2018).

This is a decision on appeal from the D. Minn. district court case 0:13-cv-02385-ADM-HB. The Federal Circuit panel consistent of Judges Reyna, Hughes, and Stoll. Judge Reyna wrote a concurrence. M-I was sued by Dynamic (DAL") for patent infringement. The district court dismissed the patent infringement case for lack of personal jurisdiction. DAL appealed. The Federal Circuit reversed and remanded.

Legal Issue: Personal Jurisdiction, application of specific personal jurisdiction to patent infringement on US flagged ships.

DAL and Petrobas are both corporations organized under the laws of and have principle places of business in Brazil. DAL contracted with Petrobas, another Brazilian company, "for the installation of pneumatic conveyance systems on ships to assist in the removal of waste created

by drilling undersea oil wells." The contract apparently accorded Petrobas authority to inform DAL onto which ships to install such systems. Pursuant to that contract, DAL installed such systems on two US flagged ships.

The district court reasoned, "DAL did not purposefully avail itself of the privilege of conducting activities within the United States because its contacts with the ...[two US flagged ships] were exclusively due to the unilateral activity of Petrobras."

The Federal Circuit held that contractual control of obligations of one foreign company by another foreign company was not a factor for determining specific personal jurisdiction if the one foreign company for patent infringement on US flagged ships.

The Federal Circuit then reasoned that:

> Our subject matter jurisdiction over this appeal is grounded in the commercial tort of patent infringement, not a contract dispute between the parties. In patent infringement disputes, our precedent makes clear that "the jurisdictional inquiry is relatively easily discerned from the nature and extent of the commercialization of the accused products or services by the defendant in the forum." *Avocent Huntsville Corp. v. Aten Int'l Co.*, 552 F.3d 1324, 1332 (Fed. Cir. 2008) (emphasis added). *** The district court erroneously focused on the contract between Petrobras and DAL. *** Moreover, DAL, not Petrobras, kept the systems operating on the ... [two US flagged ships]. *** Such deliberate presence of DAL and its systems in the United States enhance its affiliation with the forum and "reinforce the reasonable foreseeability of suit there." *Burger King*, 471 U.S. at 476. Far from being "random, fortuitous, or attenuated," *id.* at 480, the totality of DAL's contacts aboard the ships compels the conclusion that DAL purposefully directed its activities at the United States. Although the district court did not address the issue, it is undisputed that M-I's claims for patent infringement arise from or relate to DAL's accused infringing activities in the United States. Accordingly, M-I has met its burden to make a prima facie showing that DAL is subject to specific personal jurisdiction in a U.S. court. [M-I Drilling Fluids UK Ltd. v. Dynamic Air Ltda., 2016-1772 (Fed. Cir. 5/14/2018).]

Judge Reyna, concurring, writing "to provide additional reasoning why the exercise of personal jurisdiction here does not offend traditional notions of fair play and substantial justice. *See Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476 (1985)." Judge Reyna then discussed a long tradition of applying the law of the flag and Congress's passage of analogous provisions for space.

AIDS Healthcare Foundation, Inc. v. Gilead Sciences, Inc., 2016-2475 (Fed. Cir. 5/11/2018).

This is a decision on an appeal from the N.D. Cal. district court case 3:16-cv-00443-WHA. The district court dismissed AIDS DJ action. AIDS appealed. The Federal Circuit affirmed.

Upon review, Healthcare clearly lacked DJ standing. There is no new law in the Federal Circuit's review and approval of the district court's dismissal.

In re HTC Corporation, 2018-130 (Fed. Cir. 5/9/201 8).

This is an order on petition for writ of mandamus for the D. Del district court case 1:17-cv-00083-LPS. The Federal Circuit denied the petition.

Legal Issue: 28 USC 1391(c)(3), non resident defendant venue rule.

HTC Corporation (HTC), a Taiwanese corporation with its principal place of business in Taiwan. HTC was sued for patent infringement in the D. Del district court. The district court denied HTC's motion to dismiss under FRCP 12(b)(3) for improper venue.

The Federal Circuit held that recent developments did not upend the long standing alien-venue rule applicable to corporations not resident in the United States.

> The district court in this case relied on *Brunette Machine Works, Ltd. v. Kockum Industries, Inc.*, 406 U.S. 706, 706 (1972), and § 1391(c)(3) to hold that HTC Corporation, as a foreign corporation, is subject to suit in any judicial district. App. [Footnote 3 omitted.] Petitioner argues that the district court erred in three ways: (1) by applying § 1391(c)(3) in a patent case; (2) by relying on *Brunette*, which interpreted a prior version of § 1391; and (3) by not applying the patent venue statute, § 1400(b). We see no error in the district court's analysis. As explained below, Petitioner's arguments are fully addressed by reaffirming the "long-established rule that suits against aliens are wholly outside the operation of all the federal venue laws, general and special." *Brunette*, 406 U.S. at 714. *** The Court's recent decision in TC Heartland does not alter this conclusion. *See TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1520 n.2 (2017). [In re HTC Corporation, 2018-130 (Fed. Cir. 5/9/2013).]

> Despite the Court's having affirmed this overriding principle on two separate occasions, Petitioner now contends that § 1400(b) should apply to it because Congress abrogated *Brunette*—and the alien-venue rule—through the Federal Courts Jurisdiction and Venue Clarification Act of 2011 ("the 2011 amendments"). Pet'r's Br. 22. *** As explained below, we believe Congress did not intend the 2011 amendments to upend the centuries-old understanding that the venue laws (as opposed to requirements of personal jurisdiction) do not restrict the location of suits against alien defendants, unless Congress has specifically provided otherwise. First, as the Court held in *Brunette*, § 1400(b) itself was not intended to apply to alien defendants. Second, nothing in the 2011 amendments to § 1391 changed this understanding of § 1400(b). Third, against the historical background leading up to and including *Brunette*, the 2011 amendments do not sufficiently indicate an intent to make venue protections applicable to alien defendants, with a limited exception not relevant here—applicable to natural persons who are aliens but have been lawfully admitted to the United States for permanent residence. Fourth, Petitioner's contrary view would make some foreign corporations that infringe a U.S. patent unamenable to domestic suit even though personal jurisdiction exists—a gap we cannot conclude Congress created. [In re HTC Corporation, 2018-130 (Fed. Cir. 5/9/2013).]

WesternGeco LLC v. Ion Geophysical Corporation, 2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334 (Fed. Cir. 5/7/2018).

This is a decision on appeals from PTAB cases: IPR2014-00687; IPR2014-00688; IPR2014-00689; IPR2014-01475; IPR2014-01477; IPR2014-01478; IPR2015-00565; IPR2015-00566; and IPR2015-00567. WesternGeco appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 135(b) time bar, privity.

This was the second case decided by the Federal Circuit on 315(b) privity after the Federal Circuit en banc decided that 315(b) decisions of the PTAB were appealable.

The Federal Circuit began by adopting general Supreme Court law on privity.

> As informed by *Taylor* and other cases, the standards for the privity inquiry must be grounded in due process. Turning back to the statute, the preclusive effect of § 315(b) extends to privies—i.e., beyond those who were parties to the prior lawsuit. Because the rationale behind § 315(b)'s preclusion provision is to prevent successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation, the privity inquiry in this context naturally focuses on the relationship between the named IPR petitioner and the party in the prior lawsuit. For example, it is important to determine whether the petitioner and the prior litigant's relationship—as it relates to the lawsuit—is sufficiently close that it can be fairly said that the petitioner had a full and fair opportunity to litigate the validity of the patent in that lawsuit. In other cases, it may be more relevant to determine whether the petitioner is simply serving as a proxy to allow another party to litigate the patent validity question that the other party raised in an earlier-filed litigation. *See Taylor*, 553 U.S. at 895. [WesternGeco LLC v. Ion Geophysical Corporation, 2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334 (Fed. Cir. 5/7/2018).]

> The Supreme Court in *Taylor* identified a nonexhaustive list of considerations where nonparty preclusion would be justified. *Id*. at 894–95. These considerations include: (1) an agreement to be bound; (2) preexisting substantive legal relationships between the person to be bound and a party to the judgment (e.g., "preceding and succeeding owners of property"); (3) adequate representation by someone with the same interests who was a party (e.g., "class actions" and "suits brought by trustees, guardians, and other fiduciaries"); (4) assumption of control over the litigation in which the judgment was rendered; (5) where the nonparty to an earlier litigation acts as a proxy for the named party to relitigate the same issues; and (6) a special statutory scheme expressly foreclosing successive litigation by nonlitigants. *Id*. [WesternGeco LLC v. Ion Geophysical Corporation, 2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334 (Fed. Cir. 5/7/2018).]

The Federal Circuit then reviewed the Board's findings relevant to the 315(b) and concluded that they did not show that ION and PGS were 315(b) privies, and accordingly that the petitions were not barred by 315(b).

> To the extent the Board analyzed privity based on ION's control over the PGS proceedings, it properly did so in response to WesternGeco's advancement of a theory focusing primarily on control. *See, e.g.*, J.A. 35 (summarizing WesternGeco's control arguments); *see also Wi-Fi One, LLC v. Broadcom Corp.*, No. 2015- 1944, 2018 WL 1882911 (Fed. Cir. Apr. 20, 2018) (on remand by en banc court to merits panel, deciding merits of WiFi One's time-bar claim). [Footnote 7 omitted.] But where WesternGeco raised additional considerations, such as pre-existing legal relationships, the Board considered those arguments and found them unpersuasive. See, e.g., J.A. 33-38, 193-206. *** Substantial evidence supports the Board's finding that ION lacked the opportunity to control PGS's IPR petitions. *** Further, ION and PGS are distinct and unrelated corporate entities represented by different counsel. *** Regarding the pre-suit business alliance, the Board found that ION and PGS had a contractual and fairly standard customer-manufacturer relationship regarding the accused product. *** he Board found that the evidence did not show any obligation of ION to defend PGS from a patent infringement lawsuit, reimburse or pay for a lawsuit, cover any damages liability for any adverse patent infringement verdict against PGS, or initiate an invalidity challenge in one or more fora. *** The Board also noted that the [indemnification provision's] remedies may have been limited to options such as replacing or modifying a product found to have infringed a patent. We agree with the Board that such a circumscribed indemnity provision does not amount to a sufficiently-close relationship to warrant finding ION and PGS in privity. *** Substantial evidence supports the Board's conclusion that ION's relationship with PGS is not sufficiently close such that the ION proceeding would have given PGS a full and fair opportunity to litigate the validity of the claims of the WesternGeco Patents. Accordingly, the petitions are not barred under 35 U.S.C. § 315(b). [WesternGeco LLC v. Ion Geophysical Corporation, 2016-2099, 2016-2100, 2016-2101, 2016-2332, 2016-2333, 2016-2334 (Fed. Cir. 5/7/2018).]

The General Hospital Corporation v. Sienna Biopharmaceuticals, Inc., 2017-1012 (Fed. Cir. 5/4/2018).

This is a decision on an appeal from PTAB case 106,037. The PTAB held that GHC lacked standing as a result of insufficient written description for its pending claims, and also denied GHC's contingent motion to add a proposed new interfering claim. GHC appealed. The Federal Circuit vacated and remanded.

Legal issue: 37 CFR 41.208(b) burden of proof to show patentability of a proposed new claim in an interference.

The Federal Circuit found that GHC's compliance with SO 208.5.1 (which states "Certify that the movant is not aware of any reason why the claim is not patentable") certification carried GHC's burden of proof on patentability.

> The Board also denied GHC's contingent motion to amend to add new claim 74, determining that GHC failed to show claim 74 was patentable and failed to meet its burden of showing the proposed claim interferes with any of Sienna's

claims. We review the Board's denial of a motion to amend to determine if it is arbitrary or capricious. Veritas Techs. LLC v. Veeam Software Corp., 835 F.3d 1406, 1408 (Fed. Cir. 2016). The Board's determination that GHC failed to meet its burden to show that the claim 74 is patentable was arbitrary and capricious. GHC certified it was not aware of any reason why the claim was not patentable. The Board stated GHC failed to direct it to evidence supporting the certification, but it did not engage in a substantive analysis of the claim's patentability or identify any particular ground on which GHC failed to establish patentability. The Board has adopted a Standing Order for conducting interferences, which in accordance with Board practice, was entered into the docket. *See In re Sullivan*, 362 F.3d 1324, 1328 (Fed. Cir. 2004) (affirming the use of the Standing Order). The Standing Order expressly instructs the moving party to "certify" that it is not aware of any reason why the claim is not patentable. Standing Order ¶ 208.5.1. It explains that "[a] certification that is inconsistent with the prosecution history of an involved or benefit file will be accorded no weight unless the inconsistency is explained." *Id*. Here, the Board did not point to any inconsistency with the prosecution history or otherwise challenge the merits of the certification, but still afforded the certification no weight. Given GHC's compliance with the Standing Order, the Board acted arbitrarily and capriciously in holding GHC failed to show the proposed claim was patentable absent evidence of inconsistency with the prosecution history. [General Hospital Corporation V. Sienna Biopharmaceuticals, 20 17-1012 (Fed. Cir. 5/4/2018).]

Legal issue: 37 CFR 41.208(b), burden of proof to show 37 CFR 41.203(a) interfering subject in an interference.

The undisputed facts were that GHC's proposed new claim defined a value within the range defined by Sienna's claim 1, and that there was no evidence that the defined value would not have been obvious in view of the range defined by Sienna's claim 1. The Federal Circuit concluded that, under those circumstances "GHC has put forth sufficient evidence to establish proposed claim 74 would have been rendered obvious by claim 1 of the '941 patent." And therefore interfering.

The Board's determination that GHC had not established claim 74 interferes with any of Sienna's claims was not in accordance with our controlling precedent. Neither the parties nor the Board dispute that proposed claim 74 covers a particular species of the genus set forth in the '941 claim. Nevertheless, the Board determined GHC had not met its burden because it had not provided evidence that a skilled artisan "would have considered it obvious to have chosen the narrow range of nanoparticle diameter and optical density recited in its proposed claim 74." Where a prior art patent discloses a range of values, showing a claimed value falls within that range meets a party's burden of establishing the narrower claim would have been obvious where there is no reason to think the result would be unpredictable. *See, e.g., Galderma Labs., L.P. v. Tolmar, Inc.*, 737 F.3d 731, 738 (Fed. Cir. 2013) (holding where the claimed value fell within

prior art range, burden of production switched to the party opposing the obviousness challenge, while burden of proof remanded with challenger); *Alcon Research, Ltd. v. Apotex Inc.*, 687 F.3d 1362, 1368 (Fed. Cir. 2012) (holding a prior art reference disclosing a range of concentrations expressly disclosed a particular concentration within that range). In doing so, we have stated that "[t]he normal desire of scientists or artisans to improve upon what is already known provides the motivation to determine where in a disclosed set of percentages is the optimum combination of percentages." *In re Peterson*, 315 F.3d 1325, 1330 (Fed. Cir. 2003); *accord In re Applied Materials, Inc.*, 692 F.2d 1289, 1295 (Fed. Cir. 2012). Although such a showing may not ultimately be sufficient to establish obviousness where other facts cut against that conclusion, *see, e.g., Peterson*, 315 F.3d at 1331–32 (considering teaching away and unexpected results), here, neither the Board nor Sienna has pointed to any such facts. The cases cited by the Board are distinguishable. In *In re Baird*, 16 F.3d 380 (Fed. Cir. 1994), the prior art that disclosed a generic molecular formula indicated a preference leading away from the claimed compounds. *Id*. at 382–83. Moreover, we have suggested that when a reference discloses various structures rather than a range of values, optimization is not as likely to be routine. *See Genetics Inst., LLC v. Novartis Vaccines & Diagnostics, Inc.*, 655 F.3d 1291, 1306 (Fed. Cir. 2011). The other case cited by the Board involved a question of anticipation, not obviousness. *See Atofina v. Great Lakes Chem. Corp.*, 441 F.3d 991, 999– 1000 (Fed. Cir. 2006). It is not disputed that the values in the proposed claim fall within the ranges in claim 1 of the '941 patent. Under the circumstances of this case, GHC has put forth sufficient evidence to establish proposed claim 74 would have been rendered obvious by claim 1 of the '941 patent. [General Hospital Corporation V. Sienna Biopharmaceuticals, 20 17-1012 (Fed. Cir. 5/4/2018).]

Energy Heating, LLC v. Heat On-The-Fly, LLC, 2016-1559, 2016-1893, 2016-1894 (Fed. Cir. 5/4/2018).

This is a decision on appeals from the D.N.D. district court case 4:13-cv-00010-RRE-ARS. The district court held that Heat On-The-Fly, LLC (HOTC) 's patent was unenforceable for inequitable conduct, invalid for obviousness, and not infringed, and denied Energy's motion for 35 USC 285 attorneys fees. The Federal Circuit affirmed the judgement unenforceability and vacated and remanded the denial of attorneys fees.

The Federal Circuit held that, "a district court must articulate a basis for denying attorneys' fees following a finding of inequitable conduct *** to explain why a case is not exceptional in the face of an express finding of inequitable conduct."

In late 2015, the district court held a jury trial, where the jury found: (1) HOTF represented in bad faith that it possessed a valid patent. (2) HOTF knowingly engaged in unlawful sales or advertising practices. (3) HOTF unlawfully interfered with Energy's contractual rights and prospective business relationship with Triangle Oil. (4) Energy sustained damages of $750,000 caused by HOTF's intentional conduct. *** Ultimately, the district court found that, by

failing to disclose prior sales and public uses, the inventor effectively withheld material information concerning prior acts with an intent to deceive the PTO into granting the '993 patent. [Energy Heating, LLC v. Heat On-The-Fly, LLC, 2016-1559, 2016-1893, 2016-1894 (Fed. Cir. 5/4/2018).]

Nonetheless, given the strict standard in *Therasense*, we are of the view that a district court must articulate a basis for denying attorneys' fees following a finding of inequitable conduct. Just as it is incumbent on a trial court to articulate a basis for finding a case exceptional, it is equally necessary to explain why a case is not exceptional in the face of an express finding of inequitable conduct. *Cf. S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 201 (Fed. Cir. 1986) (requiring, in an analogous case, an explanation of why the case was not exceptional in the face of an express finding of willful infringement). [Energy Heating, LLC v. Heat On-The-Fly, LLC, 2016-1559, 2016-1893, 2016-1894 (Fed. Cir. 5/4/2018).]

Here, we cannot determine whether the district court abused its discretion in denying attorneys' fees. In explaining why it would not award fees, the district court found: "HOTF reasonably disputed facts with its own evidence and provided a meritorious argument against a finding of inequitable conduct." Attorneys' Fees Op., 2016 WL 10837794, at *3 (emphasis added). Even if we were to assume that the district court used the word "meritorious" to mean "plausible," the court's finding contradicts *Therasense*, which holds that "when there are multiple reasonable inferences that may be drawn, intent to deceive cannot be found." *Therasense*, 649 F.3d at 1290–91. [Energy Heating, LLC v. Heat On-The-Fly, LLC, 2016-1559, 2016-1893, 2016-1894 (Fed. Cir. 5/4/2018).]

Ultimately, this finding in the court's opinion leaves us unsure as to whether the court's basis for denying attorneys' fees rests on a misunderstanding of the law or an erroneous fact finding. Accordingly, we are unable to affirm the court's exercise of discretion, absent further explanation or reconciliation of the court's reasoning with regard to its finding of inequitable conduct. We vacate the portion of the judgment denying attorneys' fees on the basis that this is not an exceptional case under § 285, and we remand to the district court for reconsideration. [Energy Heating, LLC v. Heat On-The-Fly, LLC, 2016-1559, 2016-1893, 2016-1894 (Fed. Cir. 5/4/2018).]

In re VerHoef, 2017-1976 (Fed. Cir. 5/3/2018).

This is an appeal from PTAB case 13/328,201. The PTAB affirmed the examiner's 102(f) rejection. Verhoef appealed. The Federal Circuit affirmed.

Legal issue: 35 USC 102(f), inventorship and ex parte rejections based thereupon.

This is the very rare case where evidence in the record for a patent application shows that the named inventor is not the inventive entity for the claims. VerHoef's own affidavit was substantial evidence showing that "Lamb shared in the conception of the claimed invention."

> VerHoef concedes that the figure eight loop was "an essential feature of the claimed invention that was conceived and suggested to him by another, [Lamb]," Appellant Br. 2, but argues that he should nonetheless be declared the sole inventor on the '201 application because he maintained "intellectual domination and control of the work," id. at 17. VerHoef relies on a previous Board decision, *Morse v. Porter*, 155 U.S.P.Q. 280, 1965 WL 6982 (B.P.A.I. 1965), for the proposition that a person may be named as a sole inventor even if that person did not conceive of each feature of the claimed invention, as long as the person maintained "intellectual domination" and control over the inventive process. *** Furthermore, there is no dispute that the figure eight loop is an essential feature of the claimed invention expressly recited in the claims of the '201 application. Claim 1 recites only two limitations, one of which is a paw loop in a figure eight configuration. '201 application, claim 1. And during prosecution, VerHoef argued that the configuration of the paw loop, which necessarily includes the figure eight loop, distinguished the claimed invention over the prior art. J.A. 164. Thus, measured against the dimension of the claims, Lamb's contribution of the figure eight loop was not insignificant in quality, an explanation of a well-known concept, or a summary of the prior art. *See Pannu*, 155 F.3d at 1351. In sum, substantial evidence in the form of VerHoef's affidavit supports the Board's determinations that Lamb contributed the idea of the figure eight loop and that the figure eight loop is an essential feature of the invention not insignificant in quality or well-known in the art. Because these facts establish that Lamb shared in the conception of the claimed invention, we conclude that she is a joint inventor with VerHoef. [In re VerHoef, 2017-1976 (Fed. Cir. 5/3/2018).]

Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).

This is a decision on appeal from PTAB case PGR2015-00011. The PTAB held that Altaire failed to prove the challenged claims unpatentable. Altaire appealed. The Federal Circuit reversed-in-part, vacated-in-part, and remanded.

Legal issue: Constitutional Article III standing in an appeal from a final agency action, impact of statutory right to appeal.

The Federal Circuit first restated the constitutional minimum standing requirements. Then restated its *Phigenix* precedent to conclude that the existence of a statutory right to appeal relaxed the normal injury in fact and redressability standing requirements.

> ..."[T]he irreducible constitutional minimum of standing" consists of "three elements." *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560 (1992). An appellant "must have (1) suffered an injury in fact, (2) that is fairly traceable to the challenged [action], and (3) that is likely to be redressed by a favorable judicial decision." *Spokeo*, 136 S. Ct. at 1547 (citations omitted); *see Monsanto Co. v. Geertson Seed Farms*, 561 U.S. 139, 150 (2010) (setting forth these three criteria for standing to challenge the decision of a lower tribunal). [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

> We recently "established the legal standard for demonstrating standing in an appeal from a final agency action," including "the burden of production[,] the evidence an appellant must produce to meet that burden[,] and when an appellant must produce that evidence." *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1172 (Fed. Cir. 2017) (footnote omitted). We explained that "[a]n appellant's obligation to establish injury in fact remains firm even though it need not meet all the normal standards for redressability and immediacy when, as here, a statute provides that appellant with a right to appeal." *Id*. at 1172 n.2 (internal quotation marks and citation omitted); see 35 U.S.C. § 141(c). [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

The Federal Circuit concluded that the facts of this case demonstrated that Altaire satisfies the injury-in-fact requirement for standing, because it found that Altaire's injury was "inevitable." Significantly, statutory estoppel was a factor favoring standing because Altaire the inevitability depended in part on statutory estoppel (325(e) in this instance; this was a PGR case) would prevent Altaire from presenting its invalidity contentions, when sued.

> In this case, inevitability rested on the facts that Paragon's patent covered the Altaire's product, Paragon had filed a DJ to cancel the Paragon-Altaire FDA approval and manufacturing agreement; the agreement would in any case expire in 2021; Altaire had the wherewithal to file an ANDA, manufacture, and market its product (an wanted to do so); that Paragon intended to sue Altaire for patent infringement and refused (at oral argument) to stipulate that it would not sue Altaire for patent infringement; and that statutory estoppel would attached to the PTAB final decision. [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

> Altaire has sufficiently demonstrated imminent harm. Although "a fear of future harm that is only subjective is not an injury or threat of injury . . . that can be the basis of an Article III case or controversy," *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1338 (Fed. Cir. 2008) (citation omitted), "the threat of future injury" may be sufficient to establish injury in fact if the "threat was real[and] imminent," *id*. at 1339; *see Caraco Pharm. Labs., Ltd. v. Forest Labs., Inc.*, 527 F.3d 1278, 1291 (Fed. Cir. 2008) (stating that "proving a reasonable apprehension of suit is . . . one of many ways a [party] can . . . establish that an action presents a justiciable Article III controversy"). Here, Paragon is actively seeking a declaratory judgment that it has the right to terminate the Agreement in the Eastern District. See J.A. 1881–82 (asserting a count for "Declaratory Judgment: Right to Terminate" that lists Altaire's alleged prior material breaches and states that "Altaire's prior material breaches under the Agreement entitle Paragon to terminate the Agreement and to seek all appropriate damages"). Even if Paragon does not terminate the Agreement, it will expire in 2021. See J.A. 1909. Once the Agreement is terminated, "Altaire intends to file . . . an ANDA," Sawaya Opp'n Decl. ¶ 19, and "to resume marketing its proprietary formulation

of the . . . product[s]," *id*. ¶ 16, and it previously has demonstrated its production and marketing capabilities, such that it will be able to resume operations without difficulty, *see id.* ¶ 5. Moreover, Michael Sawaya testified to the imminence of Paragon's infringement suit, *see id.* ¶ 22, and Paragon refused to stipulate that it will not sue Altaire for infringement of the '623 patent, see Oral Arg. at 17:07–18:03, http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2017-1487.mp3. [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

While we recognize that "[a] claim is not ripe for adjudication if it rests upon contingent future events that may not occur as anticipated, or indeed may not occur at all," *Texas v. United States*, 523 U.S. 296, 300 (1998) (internal quotation marks and citation omitted), we conclude that, under these circumstances, Altaire's injury is inevitable. Therefore, Altaire has satisfied its burden of production by producing sufficient evidence that the threat of infringement litigation is an injury that is "real" and "imminent." *Prasco*, 537 F.3d at 1339. [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

Legal issue: Constitutional Article III standing in an appeal from a final agency action, statutory estoppel factor on injury-in-fact.

Regarding the *estoppel*, the Federal Circuit held that "estoppel effect in this case further supports Altaire's claimed injury in fact" since Altaire contemplated infringing activity.

Altaire's injury is compounded by the likelihood that it would be estopped from arguing that the '623 patent would have been obvious over Lots #11578 and #11581. Pursuant to the estoppel provision in 35 U.S.C. § 325(e)(2), "[t]he petitioner in a post-grant review . . . may not assert . . . in a civil action . . . that [a] claim is invalid on any ground that the petitioner raised or reasonably could have raised during that post-grant review." While we have explained that "a similar estoppel provision 'does not constitute an injury in fact' when . . . the appellant 'is not engaged in any activity that would give rise to a possible infringement suit,'" *Phigenix*, 845 F.3d at 1175–76 (brackets omitted) (quoting *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1262 (Fed. Cir. 2014)), this case materially differs from both past cases. As explained above, Altaire's injury is imminent, whereas the appellant in *Consumer Watchdog* "only alleged a general grievance concerning" the challenged patent, *see* 753 F.3d at 1263, and the appellant in *Phigenix* only alleged its aspirations of licensing its patent portfolio, see 845 F.3d at 1174. Although we do not decide whether this potential estoppel effect is sufficient independently to establish standing, the estoppel effect in this case further supports Altaire's claimed injury in fact. Therefore, considering these factors collectively, we hold that Altaire has demonstrated injury in fact, *see Teva Pharm. USA, Inc. v. Novartis Pharm. Corp.*, 482 F.3d 1330, 1341 (Fed. Cir. 2007) (stating that the appellant "remains under the threat of an infringement suit"

because the statute of limitations had not yet run and that "this threat of litigation is a present injury creating a justiciable controversy"), such that it has standing to challenge the PTAB's Final Written Decision, see Phigenix, 845 F.3d at 1172 n.2. [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

Legal issue: 5 USC 706(2)(A), APA, abuse of discretion, requirement to consider an affidavit

The Federal Circuit concluded that the PTAB abused its discretion by assigning "no weight" to test data supported by an affidavit. The PTAB improperly required a showing that the affiant was an "expert witness," when no such requirement existed in the rule for admitting test data (rule 37 CFR 42.65(b)).

> The PTAB assigned "no weight" to Mr. Al Sawaya's opinion on the TMQC-247 and optical rotation test data in the First Al Sawaya Declaration because Altaire had "failed to timely qualify Mr. [Al] Sawaya as an expert witness in this proceeding." J.A. 9. *** First, § 42.65(b) does not require that the affidavit corroborating the technical test or data be submitted by an expert. *Cf. Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 609 (1950) (stating that, in the context of the doctrine of equivalents, "[p]roof can be made in any form," including "through testimony of experts or others versed in the technology" (emphasis added)). *Compare* 37 C.F.R. § 42.65(a) (discussing "[e]xpert testimony"), with *id*. § 42.65(b) (requiring "an affidavit" without limiting it to an expert (emphasis added)). *** The PTAB's decision to assign no weight to Mr. Al Sawaya's testimony was an abuse of discretion. *See id.* at 1275 (holding that the PTAB "abused its discretion when it refused to admit and consider . . . trial testimony"); *cf. Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1325 (Fed. Cir. 2017) (en banc) (plurality opinion) ("[A]n agency's refusal to consider evidence bearing on the issue before it is, by definition, arbitrary and capricious within the meaning of 5 U.S.C. § 706, which governs review of agency adjudications. That means that the agency must take account of all the evidence of record, including that which detracts from the conclusion the agency ultimately reaches." (citations omitted)). This decision influenced, at least in part, the PTAB's rejection of the TMQC-247 and optical rotation test data. *See* J.A. 14 (rejecting the testimony in the First Al Sawaya Declaration as insufficient), 17 (rejecting the TMQC-247 test data because Altaire had not "point[ed] to any credible evidence accompanying the Petition"), 19 (rejecting the optical rotation test data because Altaire had not identified "any credible evidence" and "ha[d] not provided any affidavit" in support). On remand, the PTAB must consider Mr. Al Sawaya's testimony when evaluating the reliability of the TMQC-247 and optical rotation test data. [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

Legal issue: 5 USC 706(2)(A), APA, abuse of discretion, testimony submitted with a

petitioner response.

The Federal Circuit concluded that PTAB was required to consider the petitioner's reply testimony, because that testimony responded to a challenge to the qualifications of Petitioner's declarant's testimony. Accordingly, the Federal Circuit concluded that the PTAB abused its discretion.

> In reaching this conclusion [sic; to accord "no weight" to Mr. Al Sawaya's opinion on the TMQC-247 and optical rotation test data in the First Al Sawaya Declaration because"], the PTAB "decline[d] to consider the [Second Al] Sawaya [D]eclaration," which purported to qualify Mr. Al Sawaya as an expert, "because it [wa]s improper reply evidence." J.A. 9. We hold that the PTAB abused its discretion by failing to consider Mr. Al Sawaya's testimony. *** Paragon challenged Mr. Al Sawaya's qualifications to testify and personal knowledge of the tests in its Patent Owner Response, see J.A. 1112–15, so that it was proper for Altaire to submit the Second Al Sawaya Declaration, which "respond[ed] to arguments raised in the corresponding . . . [P]atent [O]wner [R]esponse," 37 C.F.R. § 42.23(b); see 5 U.S.C. § 556(d) (entitling a party "to submit rebuttal evidence"); *see also Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1078, 1082 (Fed. Cir. 2015) (holding that a declaration appended to a reply brief "fairly respond[ed] only to arguments made in . . . [the patent owner]'s response," as required by § 42.23(b), and that the patent owner had "a meaningful opportunity to respond," as required by the APA). To the extent the PTAB was concerned about Paragon's ability to respond to the extensive qualifications set forth in the Second Al Sawaya Declaration, the PTAB could have permitted Paragon to file a surreply, *see Belden*, 805 F.3d at 1081 (stating that the PTAB "has long granted permission to file surreplies despite the absence of any regulation providing for such filings" (footnote omitted)), as Paragon requested, see J.A. 1724. 37 CFR 42.65(b), affidavit regarding test data. [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

Legal issue: 5 USC 706(2)(A), APA, abuse of discretion, test data submitted with a petitioner response. The Federal Circuit also concluded that the PTAB abused its discretion by excluding additional test data evidence, submitted with the petitioner's reply, because the patent owner's challenge to that evidence was unexpected. The Federal Circuit explain that the challenge was unexpected because "Altaire had no reason to suspect that Paragon would later challenge the data, upon which it [sic; Paragon] previously relied [for Paragon's ANDA submission to the FDA], as unreliable before the PTAB."

> After Paragon unexpectedly challenged Altaire's TMQC-247 test data for failure to comply with § 42.65(b) in its Patent Owner Response, see J.A. 1112–15, Altaire submitted its Reply, appending additional information on the TMQC-247 test, see J.A. 1418–25, 1505–606. This included Exhibits 1027 and 1028. See J.A. 1505–32. Similar to the Second Al Sawaya Declaration, Altaire properly "respond[ed] to [those] arguments raised in [Paragon's Patent Owner

> R]esponse" by submitting additional evidence demonstrating the reliability of the TMQC-247 testing method. 37 C.F.R. § 42.23(b); see 5 U.S.C. § 556(d); *see also Belden*, 805 F.3d at 1078. To the extent Paragon wished to contest this additional evidence, the PTAB could have permitted Paragon to file a surreply. *See Belden*, 805 at 1081. In light of Paragon's past reliance on the TMQC-247 test data, we conclude that the PTAB abused its discretion by "refus[ing] to consider evidence" regarding the reliability of the TMQC-247 testing method. *Aqua*, 872 F.3d at 1325 (citation omitted); *see Ultratec*, 872 F.3d at 1275. On remand, the PTAB shall consider all relevant TMQC-247 information in determining whether Altaire satisfied the requirements of § 42.65(b) and, if it did, whether the TMQC-247 test data render obvious the Asserted Claims. [Altaire Pharmaceuticals, Inc. v. Paragon Bioteck, Inc., 2017-1487 (Fed. Cir. 5/2/2018).]

Notes:

During oral argument, one Federal Circuit judge characterized Paragon behavior as "*at best, predatory gotcha*." Oral argument at 16:50. This predatory gotcha behavior and may also have swayed the Court's decision to find standing.

The Federal Circuit repeatedly cites to *Belde*n for the proposition that the PTAB "has long granted permission to file surreplies despite the absence of any regulation providing for such filings" But the PTAB is not required to grant permission to parties to file surreplies. And the PTAB is not required to grant permission to a patent owner to file a surreply when a petitioner includes new evidence with its reply. *Belden* conclusion, as a general rule, is suspect. Reliance upon *Belden* for the proposition that a patent owner is entitled to a surreply to a petitioner's reply that includes additional evidence is, in my view, best addressed by rule, not by PTAB panel discretion.

Disc Disease Solutions Inc. v. VGH Solutions, Inc., 2017-1483 (Fed. Cir. 5/1/2018).

This is a decision on an appeal from the M.D. Ga. case 1:15-cv-00188-LJA. The district court dismissed with prejudice Disc's complaint for failure to state a claim and denied Disc's request to amend its complaint. Disc appealed. The Federal Circuit reversed and remanded.

Legal issue: FRCP 12(b)(6), *Iqbal/Twombly* 'plausible on its face' standard for stating a claim upon which relief can be granted.

The Federal Circuit found that in a simple technology with simple patents, the "*Iqbal/Twombly*" standard was met by (1) attaching copies of the patents to the complaint; (2) specifically identified the accused product by name; (3) attaching photos of the product packaging as exhibits; and (4) alleging that the that the accused products meet "each and every element of at least one claim of the '113 [or '509] Patent, either literally or equivalently."

> This appeal involves U.S. Patent No. 8,012,113 ("'113 patent"), entitled "Spinal Brace," and U.S. Patent No. 7,618,509 ("'509 patent"), entitled "Wrinkled Band Without Air Expansion Tube and its Manufacturing Method." The '113 patent is directed to an air injectable band with a rigid panel worn around the waist. When the band is inflated it expands vertically to provide traction to the spine of the user to relieve back pain. *** The '509 patent is

> directed to a method of manufacturing a wrinkled band by adhering an overlapped sheet creating an inner space and adhering a stretched elastic band above and below the inner space. [Disc Disease Solutions Inc. v. VGH Solutions, Inc., 2017-1483 (Fed. Cir. 5/1/2018).]
>
> The district court determined that Disc Disease failed to "explain how Defendants' products infringe on any of Plaintiff's claims" because it "merely alleges that certain of Defendants' products 'meet each and every element of at least one claim' of Plaintiff's patents." Disc Disease, 2016 WL 6561566, at *3. We disagree. Disc Disease's allegations are sufficient under the plausibility standard of *Iqbal/Twombly*. This case involves a simple technology. The asserted patents, which were attached to the complaint, consist of only four independent claims. The complaint specifically identified the three accused products— by name and by attaching photos of the product packaging as exhibits—and alleged that the accused products meet "each and every element of at least one claim of the '113 [or '509] Patent, either literally or equivalently." J.A. 54–55. These disclosures and allegations are enough to provide VGH Solutions fair notice of infringement of the asserted patents. The district court, therefore, erred in dismissing Disc Disease's complaint for failure to state a claim. [Disc Disease Solutions Inc. v. VGH Solutions, Inc., 2017-1483 (Fed. Cir. 5/1/2018).]

Note: The complaint was filed one day before the FRCP amendment abrogating Rule 84 and Form 18. The complaint was filed with Form 18. The Federal Circuit stated in a footnote that it did not "address the question of ... Form 18" because it concluded that Disc's pleadings were sufficient under *Iqbal/Twombly*.

Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Electronics America, Inc., 2016-2121, 2016-2208, 2016-2235 (Fed. Cir. 5/1/2018).

This is a decision on appeals from the E.D. Tex. district court case 4:08-cv-00451-RAS. A jury returned a verdict for Texas Advanced Optoelectronic Solutions (TAOS) and awarded damages no claims for patent infringement, trade secret misappropriation, breach of contract, and tortious interference. Both parties appealed. The Federal Circuit inter alia affirmed liability for trade secret misappropriation on a more limited basis than TAOS presented to the jury, affirmed liability for patent infringement, vacated the monetary awards and remanded.

Legal issue: Contract construction, terms defining limited right to use confidential information.

The Federal Circuit held that use of confidential information of another entity, to make a "Build vs. Buy" analysis obtained under and agreement providing for the limited purpose of enabling the recipient of such information to investigate and evaluate the business and financial condition of the other entity, was not misappropriation.

> The Agreement was designed "to allow both parties to evaluate the Possible Business Relationship" by disclosing "information relating to our respective businesses and operations ('Confidential Information')," and a

"Permitted Use" of Confidential Information was "for the limited purpose of enabling the recipient of such information (the 'Recipient') to investigate and evaluate the business and financial condition of the other (the 'Provider') in connection with such discussions and negotiations." J.A. 23828. Intersil properly used TAOS's financial information in its "Build vs. Buy" analysis "to evaluate the Possible Business Relationship," *id*., by analyzing whether to build its own optoelectronics program or to buy TAOS and incorporate TAOS's program, J.A. 24660. Even TAOS understood the Agreement to allow for that type of analysis, as TAOS used Intersil's confidential information in the same way to determine whether TAOS should merge or grow. See J.A. 42157 (TAOS requested Intersil's "detailed breakout for percent-of-revenue by function" to "evaluate the business fit" and "weigh[] [the] possibilities of merg[ing] against moving through a rapid growth phase with equity investment to expand our sales, application, and development teams"); TAOS Br. 52 n.4 (stating that TAOS's grow versus sell "activity was permitted by the Confidentiality Agreement"). [Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Electronics America, Inc., 2016-2121, 2016-2208, 2016-2235 (Fed. Cir. 5/1/2018).]

Legal issue: Constitution, Seventh Amendment right, disgorgement of profits issue for trade secret misappropriation.

The Federal Circuit held that there was no Seventh Amendment right for disgorgement of profits remedy for trade secret misappropriation.

> The apparent fact is that for patent infringement, disgorgement of profits was not historically available at law. As for copyright and trademark infringement, we have seen no support for concluding that disgorgement of profits was available at law for those wrongs. [Footnote 10 omitted.] And recently, in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), the Supreme Court treated recovery of the defendants' profits in a copyright infringement case as an equitable remedy. *** We see no basis for drawing a different conclusion for TAOS's request for disgorgement for trade secret misappropriation in this case, based on Intersil's improper taking and use of TAOS's intellectual property in the photodiode structure. For Seventh Amendment purposes, claims for patent, copyright, or trademark infringement are appropriate analogues of the trade secret claim here. From all we have seen, no disgorgement remedy was available at law in 1791 for the former claims. We conclude that no such remedy would have been available at law for the trade secret misappropriation here, either. [Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Electronics America, Inc., 2016-2121, 2016-2208, 2016-2235 (Fed. Cir. 5/1/2018).]